

107TH CONGRESS  
1ST SESSION

# S. 701

To amend the Internal Revenue Code of 1986 to provide special rules for the charitable deduction for conservation contributions of land by eligible farmers and ranchers, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 5, 2001

Mr. BAUCUS introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to provide special rules for the charitable deduction for conservation contributions of land by eligible farmers and ranchers, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Rural Heritage Con-  
5       servation Act”.

1 **SEC. 2. SPECIAL LIMITATION FOR CERTAIN CHARITABLE**  
 2 **CONTRIBUTIONS OF ELIGIBLE FARMERS AND**  
 3 **RANCHERS.**

4 (a) IN GENERAL.—Section 170(b)(1) of the Internal  
 5 Revenue Code of 1986 (relating to percentage limitations  
 6 of individuals) is amended by redesignating subparagraph  
 7 (F) as subparagraph (G) and inserting after subparagraph  
 8 (E) the following:

9 “(F) SPECIAL LIMITATION WITH RESPECT  
 10 TO CONTRIBUTIONS DESCRIBED IN SUBPARA-  
 11 GRAPH (A) OF CAPITAL GAIN PROPERTY BY ELI-  
 12 GIBLE FARMERS OR RANCHERS.—

13 “(i) IN GENERAL.—Notwithstanding  
 14 subparagraph (C), in the case of a chari-  
 15 table contribution described in subpara-  
 16 graph (A) of capital gain property (as de-  
 17 fined in subparagraph (C)) of an eligible  
 18 farmer or rancher who makes an election  
 19 under clause (ii), the total amount of con-  
 20 tributions of such property which may be  
 21 taken into account under subsection (a) for  
 22 any taxable year shall not exceed 100 per-  
 23 cent of the taxpayer’s contribution base for  
 24 such year. For purposes of this subsection,  
 25 contributions of capital gain property to  
 26 which this subparagraph applies shall be

1 taken into account after all other chari-  
 2 table contributions.

3 “(ii) ELECTION.—

4 “(II) IN GENERAL.—A taxpayer  
 5 may make an election under this  
 6 clause to take the deduction under  
 7 subsection (a) for any contribution de-  
 8 scribed in clause (i) for a 15-consecu-  
 9 tive-taxable-year period.

10 “(II) EFFECT OF ELECTION.—A  
 11 taxpayer may only make 1 election  
 12 under this clause. Such election, once  
 13 made, shall be irrevocable.

14 “(iii) ELIGIBLE FARMER OR RANCH-  
 15 ER.—For purposes of this subparagraph,  
 16 the term ‘eligible farmer or rancher’ means  
 17 a taxpayer—

18 “(I) whose gross income from the  
 19 trade or business of farming (within  
 20 the meaning of section 2032A(e)(5))  
 21 is at least 51 percent of the taxpayer’s  
 22 gross income for the taxable year, and

23 “(II) in the case of a C corpora-  
 24 tion, the stock of which is not publicly  
 25 traded on a recognized exchange.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 170(b)(1)(C)(i) of the Internal Rev-  
 3 enue Code of 1986 is amended by inserting “or (E)”  
 4 after “subparagraph (D)”.

5 (2) The second sentence of section  
 6 170(b)(1)(D) of such Code is amended by inserting  
 7 “(other than charitable contributions to which sub-  
 8 paragraph (F) applies)” before the period.

9 (c) EFFECTIVE DATE.—The amendments made by  
 10 this section shall apply to contributions made in taxable  
 11 years beginning after the date of the enactment of this  
 12 Act.

13 **SEC. 3. MODIFICATIONS TO ENCOURAGE CONTRIBUTIONS**  
 14 **OF CAPITAL GAIN REAL PROPERTY MADE**  
 15 **FOR CONSERVATION PURPOSES.**

16 (a) EXCLUSION FROM PERCENTAGE LIMITATION.—  
 17 Section 170(b)(1)(C) of the Internal Revenue Code of  
 18 1986 (relating to special limitation with respect to con-  
 19 tributions described in subparagraph (A) of capital gain  
 20 property) is amended by redesignating clause (iv) as  
 21 clause (v) and by inserting after clause (iii) the following:

22 “(iv) Clauses (i) and (ii) shall not  
 23 apply to a contribution of capital gain  
 24 property which is a qualified conservation

1 contribution (as defined in subsection  
2 (h)).”.

3 (b) UNLIMITED CARRYOVER FOR CERTAIN CON-  
4 SERVATION CONTRIBUTIONS OF CAPITAL GAIN PROP-  
5 ERTY.—Paragraph (1) of section 170(d) of the Internal  
6 Revenue Code of 1986 (relating to carryover of excess con-  
7 tributions) is amended by adding at the end the following:

8 “(C) UNLIMITED CARRYOVER FOR CER-  
9 TAIN CONSERVATION CONTRIBUTIONS.—Sub-  
10 paragraph (A) shall not apply to a contribution  
11 described in subsection (b)(1)(C)(iv). If the  
12 amount of the contribution described in sub-  
13 section (b)(1)(C)(iv), payment of which is made  
14 within the taxable year, exceeds the taxpayer’s  
15 contribution base for the taxable year, such ex-  
16 cess shall be treated as a contribution so de-  
17 scribed paid in each succeeding taxable year, in  
18 order of time.”.

19 (c) EFFECTIVE DATE.—The amendments made by  
20 this section shall apply to contributions made in taxable  
21 years beginning after the date of the enactment of this  
22 Act.

1 **SEC. 4. INCREASE IN CHARITABLE CONTRIBUTION LIMIT**  
 2 **FOR FARMERS AND RANCHERS DOING BUSI-**  
 3 **NESS IN CORPORATE FORM.**

4 (a) IN GENERAL.—Section 170(b)(1) of the Internal  
 5 Revenue Code of 1986 (relating to percentage limitation  
 6 of individuals), as amended by section 2(a), is amended  
 7 by redesignating subparagraph (G) as subparagraph (H)  
 8 and by inserting after subparagraph (F) the following:

9 “(G) CERTAIN FARMERS AND RANCH-  
 10 ERS.—An eligible farmer or rancher (as defined  
 11 in subparagraph (F)) shall be treated as an in-  
 12 dividual for purposes of this section with re-  
 13 spect to any qualified conservation contribu-  
 14 tion.”

15 (b) CONFORMING AMENDMENT.—Section 170(b)(2)  
 16 of the Internal Revenue Code of 1986 is amended by strik-  
 17 ing “corporation,” and inserting “corporation (other than  
 18 a corporation that is an eligible farmer or rancher as de-  
 19 fined in paragraph (1)(F) with respect to a qualified con-  
 20 servation contribution),”.

21 (c) EFFECTIVE DATE.—The amendments made by  
 22 this section shall apply to donations of qualified conserva-  
 23 tion contributions (as defined in section 170(h) of the In-  
 24 ternal Revenue Code of 1986) made after the date of the  
 25 enactment of this Act, in taxable years ending after such  
 26 date.

1 **SEC. 5. EXPANSION OF ESTATE TAX EXCLUSION FOR LAND**  
2 **SUBJECT TO QUALIFIED CONSERVATION**  
3 **EASEMENT.**

4 (a) IN GENERAL.—Subparagraph (A) of section  
5 2031(c)(8) of the Internal Revenue Code of 1986 (defin-  
6 ing land subject to a qualified conservation easement) is  
7 amended by striking clause (i) and by redesignating  
8 clauses (ii) and (iii) as clauses (i) and (ii), respectively.

9 (b) EFFECTIVE DATE.—The amendments made by  
10 this section shall apply to qualified conservation contribu-  
11 tions (as defined in section 170(h) of the Internal Revenue  
12 Code of 1986) made after the date of the enactment of  
13 this Act.

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